## **IN THE DRAWINGS**

Figure 1 has been amended as indicated in red in the attached annotated marked-up drawing. A replacement sheet of Figure 1 is also attached.

## <u>REMARKS</u>

Each of the objections set forth in paragraphs 3, 4, and 6 have been corrected.

Claim 1 has been amended to call for taking the absolute difference of less than all of the most significant bits of an uncompressed video data value from a reference macro block and a macro block worth of data within a search window.

Claim 8, which is a dependent claim involving determining the number of most and least significant bits, was rejected under Section 103 over a combination that relies upon the article to Pourreza for its consideration of what bits to use. Section 4 is cited, but that simply seems to indicate that an MPDC and BROP four bps are used and in BPROPS one bps is used. However, the discussion does not include anything about any of these techniques except MPDC, which uses the four most significant bits of the eight-bit pixels. See page 958, left column, bottom line. It is noted that BPROP does not use absolute differences and, therefore, would not seem to be relevant. See page 958, top paragraph.

It is clear that MPDC uses all of the most significant bits and, therefore, is distinguished by the amendment to claim 1.

Therefore, reconsideration of claim 1, as amended, is respectfully requested.

Claim 13 calls for a circuit to determine which of the most significant bits to mask. In MPDC there is no determination, but, instead, the most significant bits are not masked.

Therefore, reconsideration of the rejection of claim 13 is requested.

Claim 18 should be reconsidered for the same reasons that the rejection of claim 1 should be reconsidered.

In view of these remarks, the application should now be in condition for allowance.

Respectfully submitted,

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ANNOTATED SHEET SHOWING CHANGES



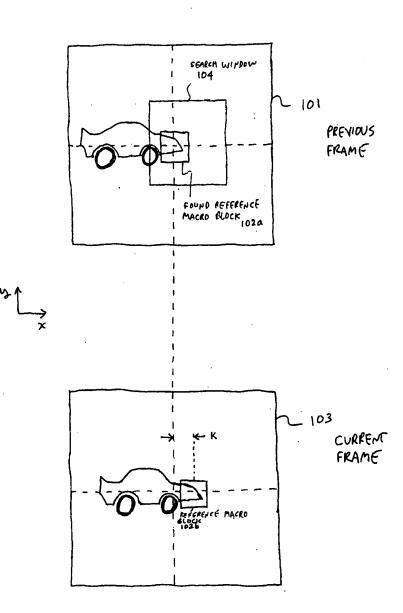


FIGURE 1

PRIOR ART